

TEAM HARDIN COUNTY, INC.

**FINANCIAL STATEMENTS AND
AUDITORS' REPORTS**

JUNE 30, 2009

TEAM HARDIN COUNTY, INC.

SAVANNAH, TENNESSEE

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2009

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TEAM HARDIN COUNTY, INC.
SAVANNAH, TENNESSEE
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2009

Ex Officio Members

Steve Bunnell, CEO	Vance Dennis, State Representative
Phyllis James, Mayor City of Crump	Larry Lowery, Mayor City of Saltillo
Leland Alexander, Mayor City of Milledgeville	Bob Shutt, Mayor City of Savannah

Board Members

David Long, Chairman	Terry Thrasher, Vice Chairman
Chris Jerrolds, Secretary/Treasurer	Garry Welch
Kent Collier	Freddy Blount
Kevin Davis	Mike Fowler
Beth Pippin	

WILLIAMS, JERROLD, GODWIN & NICHOLS, PLLC
Certified Public Accountants

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Phone (731) 925-6547 Fax (731) 925-9524



Independent Auditors' Report

Board of Directors
Team Hardin County, Inc.
Savannah, Tennessee

We have audited the accompanying statement of financial position of Team Hardin County, Inc. (a nonprofit organization) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Hardin County, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Williams, Jerrold, Godwin & Nichols, PLLC

January 25, 2010

TEAM HARDIN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS

Cash in bank	\$ 4,931
Due from related organizations	<u>70,720</u>

TOTAL CURRENT ASSETS	<u>75,651</u>
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FIXED ASSETS

Equipment	1,570
Less: accumulated depreciation	<u>(1,209)</u>

NET FIXED ASSETS	<u>361</u>
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TOTAL ASSETS	<u><u>\$ 76,012</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 1,983
Due to related organizations	<u>75,258</u>

TOTAL CURRENT LIABILITIES	<u>77,241</u>
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NET ASSETS

Unrestricted (deficit)	<u>(1,229)</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 76,012</u></u>
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The accompanying notes are an integral part of these statements.

**TEAM HARDIN COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Donated services	<u>\$ 3,600</u>
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Total support and revenue	<u>3,600</u>
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EXPENSES

Support services

Depreciation	203
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Professional fees	<u>3,600</u>
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Total support services	<u>3,803</u>
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DECREASE IN NET ASSETS	<u>(203)</u>
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NET ASSETS (deficit) - BEGINNING OF PERIOD	<u>(1,026)</u>
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NET ASSETS (deficit) - END OF PERIOD	<u><u>\$ (1,229)</u></u>
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The accompanying notes are an integral part of these statements.

**TEAM HARDIN COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (203)
Adjustments to reconcile net assets	
to net cash provided by operating activities	
Depreciation	203
Change in accrued expenses	(59)
Change in due from related organization	6,132
Change in due to related organization	<u>1,205</u>
NET CASH PROVIDED FOR OPERATING ACTIVITIES	<u>7,278</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Due to bank	<u>(2,347)</u>
NET INCREASE (DECREASE) IN CASH	4,931
*CASH - BEGINNING OF YEAR	<u>-</u>
*CASH - END OF YEAR	<u><u>\$ 4,931</u></u>

*Cash includes demand deposit accounts.

TEAM HARDIN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - GENERAL

Team Hardin County, Inc. (THC) is a nonprofit organization located in Savannah, Tennessee. Its purpose is to develop, coordinate, and implement a comprehensive marketing plan relating to economic development in Hardin County, Tennessee, and to further the general welfare and economic prosperity of Hardin County and the surrounding area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records of THC are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fixed assets

Fixed assets are reported at cost (except for donated property which is reported at fair value as of the date of donation) and includes improvements that significantly add to utility or extend useful lives. Costs for maintenance and repairs are charged to expense. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings for the period. Depreciation is computed using the straight-line method to allocate the cost of equipment over an estimated useful life of five years.

NOTE 3 - CASH

Cash balances maintained at banks by THC throughout the year and at June 30 were entirely covered by FDIC insurance.

NOTE 4 - ESTIMATES AND ASSUMPTIONS

Although the preparation of financial statements often requires estimating some information, estimates were not necessary to prepare the accompanying financial statements.

NOTE 5 - TAX EXEMPTION

THC has a tax determination letter from the Internal Revenue Service that it is recognized as a tax exempt organization under Section 501 (c) (4) of the Internal Revenue Code.

TEAM HARDIN COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 - RELATED PARTIES

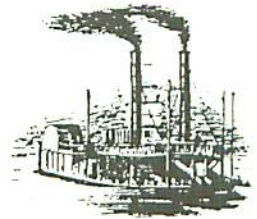
The board of directors is comprised of a representative of each of Savannah Industrial Development Corporation (SIDC), Tennessee River Museum (TRM), and Hardin County Convention and Visitor's Bureau (HCCVB), as well as the City Manager of Savannah and the County Mayor of Hardin County.

THC pays expenses incurred by SIDC, TRM, and HCCVB and is reimbursed by each organization. During the year THC paid expenses on behalf of the organizations as follows: SIDC - \$125,005; TRM - \$5,923; and HCCVB - \$264,173. At year end, THC had advances from the organizations for future expenses as follows: TRM - \$2,615 and HCCVB - \$72,643. At year end the THC was owed from the organizations for expenses already paid as follows: SIDC - \$70,455 and NAIA - \$265.

Since the organizations have several transactions with each other, the operating results or financial position could differ significantly from what would have been obtained if the enterprises were autonomous.

NOTE 7 – DONATED SERVICES

Accounting services were provided at no charge to THC by a local accounting firm. An estimated fair value of \$3,600 for services rendered is reflected in the statement of activities as both revenue and a support service expense.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Team Hardin County
Savannah, Tennessee

We have audited the financial statements of Team Hardin County (THC), a nonprofit organization, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered THC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of THC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of THC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects THC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of THC's financial statements that is more than inconsequential will not be prevented or detected by THC's internal control.

A material weakness is a significant deficiency, or combinations of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by THC's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

2009-01 UNAUTHORIZED LOANS

Team Hardin County maintained a cash account that received and disbursed revenues and expenses of related companies. Due to/from accounts were used to record these transactions to the proper companies' ledgers. These "loans" were not approved by appropriate sources. In addition, these loans were not repaid by the end of the fiscal year.

RECOMMENDATION: Management should take appropriate steps to repay this loan.

MANAGEMENT'S RESPONSE: Board will make necessary recommendations to correct.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether THC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

THC's response to the finding identified in our audit is described above. We did not audit THC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, and the State of Tennessee Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.

William, Jenold, Godwin & Nubich, PLLC

January 25, 2010